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Research Paper

CEO TENURE AND SUSTAINABILITY PERFORMANCE: THE ROLE OF INSTITUTIONAL OWNERSHIP AND BOARD INDEPENDENCE

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ABSTRACT

Purpose – This study examines the effect of CEO tenure on sustainability performance, considering the roles of board independence and institutional ownership in companies listed on the Indonesia Stock Exchange (IDX).
Research Method – The study used a purposive sampling method and collected data from annual and sustainability reports of IDX-listed companies from 2018 to 2022. Panel data regression analysis was conducted using EViews.
Findings – CEO tenure has a significant positive impact on sustainability performance. CEOs with longer tenures are more effective in aligning CSR strategies with long-term goals. Board independence strengthens this effect by providing oversight, while institutional ownership improves transparency and accountability.
Implication – CEO tenure supports long-term sustainability efforts. Independent boards and institutional ownership help ensure consistency and reduce the risk of managerial entrenchment.

Keywords: CEO Tenure, Board Independence, Institutional Ownership, Sustainability Performance

JEL code: G34, M14, O16, Q56

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INTRODUCTION

Corporate sustainability is a crucial aspect in the modern business world, where CEO leadership plays a vital role in ensuring transparency, ethics, and good governance. A case that occurred in 2016 showed that a long CEO tenure without adequate supervision can have a negative impact on corporate sustainability. CEO Benny Tjokrosaputro was proven to have manipulated financial reports by not submitting a Sales and Purchase Agreement (PPJB) to the auditor, causing the company's revenue to be overstated by IDR 613 billion, which misled stakeholders (Marjono & Wijaya, 2022). A similar case occurred in 2019, which did not allocate social responsibility funds, and its president director was involved in a corruption case (Binekasri, 2023). These cases reflect that many companies have not implemented CSR optimally, indicating the need for more attention to social, environmental, and economic aspects for corporate sustainability (Anita & Eren, 2022).

In the research model, board independence can function as a monitoring mechanism that limits the potential for opportunistic CEO behavior, thereby strengthening the positive relationship between CEO tenure and sustainability performance. Meanwhile, institutional ownership plays a role in providing external pressure on management to be more sustainability oriented. These cases reflect that many companies have not implemented CSR optimally, indicating the need for more attention to social, environmental, and economic aspects and the importance of a strong governance structure in ensuring corporate sustainability (Anita & Eren, 2022). The theory used in the research model is stakeholder theory, a theoretical framework based on normative principles and closely related to the principles of corporate governance and business management (Manita et al., 2018). CEO characteristics have significant implications for the Company's operations (Chen et al., 2019).

The research gap in this study lies in several aspects that have not been explored in depth in previous studies. First, although many studies have examined the relationship between CEO tenure and sustainability performance, the results are still mixed and contradictory. Some studies show that the longer a CEO serves, the greater his or her ability to implement sustainability strategies, while other studies find that long tenure can lead to opportunistic behavior that is detrimental to corporate sustainability (Ting, 2021). Second, there are still few studies that specifically examine the moderating role of board independence and institutional ownership in the relationship between CEO tenure and sustainability performance. In fact, board independence as a governance mechanism can limit CEO opportunistic behavior by providing tighter supervision. Meanwhile, institutional ownership can provide external pressure for companies to focus more on sustainability practices (Kirana & Prasetyo, 2021). Third, many previous studies have focused more on companies in developed countries, while research on this relationship in the context of companies in developing countries is still limited. Differences in regulations, governance structures, and business culture can influence how CEO tenure interacts with moderating factors in determining sustainability performance (Ikram et al., 2020).

Corporate Social Responsibility (CSR) is a form of corporate responsibility aimed at overcoming environmental damage and social inequality caused by a company's business activities (Putu et al., 2019). The government has made CSR activities a law that must be implemented by companies, because CSR activities can maximize the company's value for shareholders, as well as improve the welfare of communities outside the Company's main activities (Ikram et al., 2020). Most directors do not focus on sustainability activities, especially in the industrial sector, and only prioritize the company's interests in maximizing economic profits. This can lead to poor environmental quality or environmental damage if the instructions for use are not followed (Sari, 2019).

Therefore, this study contributes by deepening the understanding of the relationship between CEO tenure and sustainability performance by including board independence and institutional ownership as moderating variables. In addition, this study provides insights for stakeholders, such as boards of directors and investors, in assessing the impact of CEO tenure on corporate sustainability and the importance of the oversight role of corporate governance. For regulators and policymakers, the results of this study can be a basis for designing more effective regulations to ensure better sustainability practices. Thus, this study is expected to provide theoretical and practical contributions in understanding how CEO leadership, governance structure, and external pressures can jointly affect corporate sustainability, especially in developing countries. Thus, this study aims to fill this gap by examining the relationship between CEO tenure and sustainability performance and the role of board independence and institutional ownership as moderating factors in the context of public companies in developing countries.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Upper Eschelons Theory

The basic theory underlying the relationship between CEO tenure and sustainability performance can be explained through the Upper Echelons Theory put forward by (Hambrick dan Mason, 1984). This theory states that the personal characteristics and experiences of top executives, including tenure, will influence how they view business situations and make strategic decisions. In the context of sustainability, CEOs with longer tenure tend to have a deeper understanding of the company's operations, organizational culture, and stakeholder expectations, and are therefore better able to design and implement long-term sustainability strategies that align with the company's goals (Wang et al., 2020). In addition, long-serving CEOs typically have leadership stability and stronger relationships with investors, business partners and communities, which are important assets in implementing sustainability initiatives (Nguyen et al., 2021). Over time, they also have the opportunity to build a sustainability-oriented organizational culture and ensure ESG (Environmental, Social, and Governance) values are internalized across the company (Li & Tang, 2020). Therefore, according to the Upper Echelons Theory, the CEO's experience and tenure are strategic factors that can improve the company's sustainability performance on an ongoing basis.

CEO Tenure and Sustainability Performance

Research by (Wang et al., 2020; Studer, 2021; Li & Tang, 2020; Nguyen et al., 2021; Zhao & Wu, 2020) shows that CEO tenure has a significant positive effect on sustainability performance. CEOs with longer tenure have enough time to understand the company's operations and culture in depth. Research by (Wang et al., 2020) states that a CEO who serves for a longer period of time has a better understanding of the industry, market, and business challenges. This allows them to design and implement more sustainable long-term strategies. (Studer, 2021) shows that CEOs with long tenure tend to provide stability in leadership and corporate strategy. This consistency is important to ensure the sustainability of long-term initiatives, such as ESG (Environmental, Social, and Governance) programs. (Li & Tang, 2020) found that CEOs with longer tenure have enough time to form a corporate culture that is oriented towards sustainability. They can internalize sustainability values in business operations and encourage employee engagement. (Nguyen et al., 2021) noted that longer tenure allows CEOs to build long-term relationships with investors, business partners, governments, and communities. These relationships can increase trust and support corporate sustainability initiatives. (Zhao & Wu, 2020) showed that CEOs with long experience are better prepared to deal with economic crises, regulatory changes, and environmental challenges. Their ability to adapt to change and manage risks helps companies survive and thrive in the long term.

Research by (Li & Zhang, 2020; Kim et al., 2020; Chen & Lee, 2021; Nguyen et al., 2020; Ulfa et al., 2021) shows that CEO tenure has a significant negative effect on

sustainability performance. This means that CEOs with long tenure may become more comfortable with the status quo and less open to innovation or changes in CSR strategy. Research by (Li & Zhang, 2020) shows that CEOs who serve too long tend to be less adaptive to market and technological changes. They may maintain old strategies that are no longer relevant, thus hampering innovation and long-term sustainability. According to (Kim et al., 2020), over time, a CEO can become overconfident in their own decisions, ignoring input from the team or stakeholders. This can lead to decisions that are not optimal for the sustainability of the company. (Chen & Lee, 2021) found that CEOs who serve too long can build a power network within the company that reduces oversight of their performance. This can trigger less transparent management practices and is contrary to the principles of sustainability. Research by (Nguyen et al., 2020) shows that the longer someone holds a top position, the greater the risk of fatigue and burnout. This can have an impact on less sharp decision-making and a lack of new initiatives to support the sustainability of the company. (Ulfa et al., 2021) showed that CEOs who stay too long can hinder the emergence of new leaders with fresh and innovative perspectives. Companies can lose the opportunity to develop with new strategies that are more in line with current sustainability demands. So, it can be concluded that:
H1: CEO tenure has a significant positive effect on sustainability performance.

The Influence of Board Independence Moderates the Relationship between CEO Tenure and Sustainability Performance

Research by (Li et al., 2021; Khan et al., 2021; Wei & Chen, 2020; Zhang et al., 2021; Mollah et al., 2020) shows that CEO tenure has a significant positive effect on sustainability performance which is moderated by board independence. CEOs with long tenure tend to have a deeper understanding of the company and its stakeholders, which allows them to design and implement more effective sustainability strategies. Research by (Li et al., 2021) shows that with strong board independence, the board can ensure that long-serving CEOs remain open to innovation and change. They can prevent strategic stagnation and encourage sustainability initiatives that are relevant to industry trends. According to research by (Khan et al., 2021), an independent board can act as an objective monitor, ensuring that CEOs do not only focus on short-term interests but also consider long-term sustainability in business decisions. Research by (Wei & Chen, 2020) shows that board independence helps maintain transparency and accountability in a company's sustainability strategy. This prevents CEOs from making decisions that can harm ESG (Environmental, Social, and Governance) aspects just for short-term gain. According to (Zhang et al., 2021), CEOs with long tenure have extensive experience, but they can be less responsive to change. An independent board can play a role in ensuring that companies remain adaptive to new policies and regulations related to sustainability. Research by (Mollah et al., 2020) shows that an independent board can implement a data-based evaluation system to measure the effectiveness of the CEO's sustainability strategy. This ensures that CEO decisions regarding sustainability remain based on measurable performance, not just past experience or intuition.

Research by (Chen et al., 2020; Alon et al., 2021; Yu & Zhang, 2020; Xu et al., 2021; Kuo et al., 2021) shows that CEO tenure has a significant negative effect on sustainability performance which is moderated by board independence. This means that CEOs with long tenure may become more focused on personal interests and maintaining their power, ignoring the importance of sustainability. An independent board has the potential to reduce this influence but is often not strong enough to completely oppose the CEO's tendencies. According to (Chen et al., 2020), an independent board may challenge the CEO's decisions more often, especially if the long-serving CEO tends to maintain the old approach that does not support sustainability. This conflict can slow down the implementation of sustainability strategies or create instability in management. Research by (Alon et al., 2021) shows that CEOs with long

tenure may feel overconfident with strategies that have been proven in the past, while independent boards push for changes in a more sustainable direction. This tension can lead to less flexible policies and slow decision-making processes. According to (Yu & Zhang, 2020), long-serving CEOs may feel threatened by independent boards that are more active in overseeing sustainability policies. As a result, they may become defensive, avoid innovation, or even engage in symbolic practices (greenwashing) without real change. Research by (Xu et al., 2021) found that with strict supervision from independent boards, long-serving CEOs may only implement sustainability strategies to meet regulations, without real initiatives to develop a more sustainable business. This can hinder growth and innovation in the long term. Research by (Kuo et al., 2021) shows that if independent boards too often push for drastic changes in sustainability strategies , long-tenured CEOs may feel a loss of direction or confidence in their leadership. This can lead to instability in management and inconsistency in the implementation of sustainability policies. So, it can be concluded that:
H2: Board independence moderates the effect of CEO tenure on sustainability performance.

The Influence of Institutional Ownership Moderates the Relationship between CEO Tenure and Sustainability Performance

Research by (Chen et al., 2021; Lin et al., 2020; Jha et al., 2021; Singh & Tiwari, 2020; Fama & Jensen, 2020) shows that CEO tenure has a significant positive effect on sustainability performance which is moderated by institutional ownership. CEOs with long tenure tend to have a better understanding of the needs and expectations of stakeholders, including institutional shareholders. Institutional shareholders often encourage companies to focus on sustainability. Research by (Chen et al., 2021) shows that institutional owners, such as institutional investors and pension funds, tend to have a long-term perspective. They can ensure that long-serving CEOs remain focused on sustainability and not just pursue short-term profits. According to research by (Lin et al., 2020), institutional ownership often encourages sustainable business policies. With CEOs with long tenure, companies can implement sustainability strategies more consistently without the disruption of too frequent leadership changes. Research by (Jha et al., 2021) show that institutional investors have large financial capacity and often support sustainability initiatives. They can provide the resources needed for CEOs to develop more ambitious ESG (Environmental, Social, and Governance) projects. According to a study by (Singh & Tiwari, 2020), institutional ownership tends to be more active in overseeing companies, ensuring that long-serving CEOs remain transparent in implementing sustainability strategies. This reduces the risk of greenwashing practices and ensures that sustainability policies actually have a positive impact. Research by (Fama & Jensen, 2020) shows that CEOs with long tenure can design and implement sustainability strategies that take time to produce real results. With institutional ownership as a moderator, companies are more likely to prioritize sustainable growth rather than just pursuing quick profits.

Research by (Zha et al., 2020; Yang & Liu, 2021; Smith et al., 2020; Liu & Sun, 2020; Wang et al., 2021) shows that CEO tenure has a significant negative effect on sustainability performance which is moderated by institutional ownership. This means that CEOs with long tenure tend to focus more on short-term profitability to meet market and shareholder expectations. Although institutional ownership focuses on long-term growth, the pressure to show fast financial results can lead to neglect of sustainability initiatives. Research by (Zha et al., 2020) shows that some institutional investors focus more on short-term profitability and return on investment than sustainability. If long-serving CEOs are affected by this pressure, they may neglect sustainability strategies in order to pursue short-term financial targets. Research by (Yang & Liu, 2021) finds that institutional ownership can cause long-serving CEOs to be more cautious in taking risks related to sustainability. They may be reluctant to

invest in green innovation or ESG initiatives for fear of negative reactions from conservative institutional shareholders. Research by (Smith et al., 2020) shows that long-tenured CEOs may have a well-established sustainability strategy, but institutional investors may have a different agenda. If institutional owners care more about dividends and stock growth, they may pressure CEOs to reduce investments in sustainability programs that do not directly generate financial returns. According to research by (Liu & Sun, 2020), if institutional ownership expects companies to appear more sustainable without actually committing to real changes, long-tenured CEOs may be encouraged to greenwash ESG policies as a mere formality without significant impact. Research by (Wang et al., 2021) shows that long-tenured CEOs who are under the influence of institutional investors may lose flexibility in adapting sustainability strategies according to the latest trends and regulations. This is because they have to balance the desires of institutional investors with long -term business needs. So, it can be concluded that:
H3: Institutional ownership moderates the effect of CEO tenure on sustainability performance.

Conceptual Framework

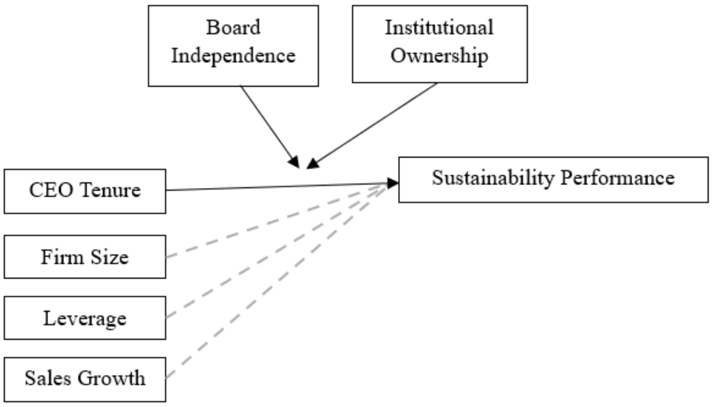

Figure 1. Conceptual Framework Research
Source: Processed Secondary Data (2025)

RESEARCH METHODOLOGY

This research is quantitative research. The objects of this research are all companies listed on the Indonesia Stock Exchange (IDX) during the period 2018-2022. The data used in this study come from the publication of annual reports and sustainability reports of companies listed on the Indonesia Stock Exchange from 2018 to 2022. This study uses a purposive sampling method, where the selection of research samples and research objectives are in accordance with certain provisions. The sample selection criteria in this study are as follows:

Table 1. Sample Criteria for Companies Listed on the IDX

Information	Amount	Data
Companies listed on the IDX (31 December 2022)	833	Company
Companies that do not provide complete reports (2018-2022)	(778)	Company
Sample companies	55	Company
Research year	5	Year
Amount of research data	275	Data
Outlier data	(16)	Data
Research data after outliers	259	Data

The purpose of outlier data testing is to reduce the amount of data that is different from other data. Determination of outlier data testing is used with the SDR method. In the test results, 16 data that do not comply with the SDR method have been removed, so that the data that will be used for further testing using the Eviews 10 application is 259 data.

Operational Definition of Variables

In this study there are dependent variables, independent variables, moderating variables, and control variables. The dependent variable in this study is sustainability performance or Corporate Social Responsibility (CSR) where the variable is measured by the 2021 GRI standard. The independent variable in this study is CEO Tenure which is measured by a dummy variable. The moderating variables are board independence and institutional ownership, and the last is the control variable which can be measured by firm size, leverage, sales growth. This study uses a panel regression data analysis method processed through the EViews application, the analysis data consists of the chow test, hausman test, Lagrange Multiplier test, f test, t test, and adjusted R2 test, This study uses a panel regression data analysis method, where the study is observed using the data analysis method of the relationship between dependent variables, independent variables, accompanied by moderating variables and control variables.

Table 2. Variable Measurement Table

Code	Variables	Measurement Variable	Source
Dependent Variables			
SAB	Sustainability Performance	The number of indexes performed is divided by the number of 36 expected indexes.	(Anita & Eren, 2022)
Independent Variables			
CT	CEO Tenure	Number of years since appointment of director.	(Chen et al., 2019)
Moderating Variables			
BI	Board Independence	Percentage of independent directors on the board of directors in year t.	(Chen et al., 2019)
IO	Institutional Ownership	Shares owned by institutional investors with the number of shares outstanding.	(Chen et al., 2019)
Control Variables			
FS	Company Size	Natural logarithm of the company's total assets.	(Chen et al., 2019)
LVG	Leverage (Control Variable)	Total liabilities divided by total assets.	(Chen et al., 2019)
SG	Sales Growth (Control Variable)	The difference between this year's sales and the previous year's sales divided by the current year's sales.	(Chen et al., 2019)

RESULTS AND DISCUSSION

Descriptive Statistics

Table 1. Results of Descriptive Statistical Tests

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Sustainability Performance	264	0.05	0.98	0.382	0.20877
CEO Tenure	264	1	31	4.6708	4.7796
Firm Size	264	27.53	35.23	31.2191	1.54164
Leverage	264	0.05	1.85	0.6067	0.26401

Sales Growth	264	-2.38	0.99	0.0319	0.32427
Institutional Ownership	264	0	1	0.5781	0.21773
Independence Board	264	0.17	0.83	0.4397	0.12369
Valid N (listwise)	264				

Source: Processed Secondary Data (2025)

Based on the results in Table 1, it can be assumed that the amount of data used is 264. The dependent variable is Sustainability Performance. proves the average value of 0.382, which indicates that in general, the companies in this study have a level of sustainability that is still classified as moderate. The independent variable CEO Tenure proves the average value of 4.6708, which indicates that the average CEO tenure is around 4.67 years, which means that most CEOs in the sample have less than five years of experience leading the company. The moderating variable board independence proves the average value of 0.4397, which indicates that the average composition of independent directors on the board is around 43.97%, which indicates that almost half of the board members in the sample companies are independent parties. The moderating variable institutional ownership proves the average value of 0.5781, which indicates that most of the company's shares in the sample are controlled by institutional investors such as mutual funds, insurance, or pension funds. The control variable firm size proves the average value of 31.2191, which reflects that the majority of companies analyzed are large. The leverage control variable proves the average value of 0.6067, which means that more than half of their funding comes from debt compared to equity. The sales growth control variable proves the average value of 0.0319, which shows that in general the company experienced an increase in revenue, although not too high.

Data Analysis Results

Panel Data Regression Model Selection

Table 2. Chow Test Results

Effects Test	Prob.	Conclusion
Cross-section Chi-square	0.1554	Pooled Least Square

Source: Processed Secondary Data (2025)

Based on Table 2, it shows that the probability value is 0.1554 > 0.05, so that the decision can be drawn that the best model selection result is Pooled Least Square (PLS).

Hypothesis Testing

Table 3. F Test Results

Model	Prob (F-Statistic)	Conclusion
Sustainability Performance	0. 0000	Significant

The F test aims to show how independent variables and moderating variables affect the dependent variable simultaneously. Table 4 has proven that the probability value in the f test results is 0.00 in both models, it can be concluded that the dependent variable can be explained significantly by each of the CEO Tenure variables and its moderation is board independence and institutional ownership.

Table 4. Adjusted Test Results R^2

Model	Adjusted R^2	Percentage
Sustainability Performance	0. 997351	99.74 %

The determination coefficient of 0.997351 explains that CEO Tenure has a 99.74 % influence on Sustainability Performance and the remaining 0.26 % is influenced by variables outside the study.

Table 5. T - test Results

Variable	t-Statistic	Prob.	Conclusion
CEO Tenure	9.7043	0. 0000	H1 Significant Positive
CEO TenureXBoard Independence	-7.429995	0. 0000	H2 moderates, but weakens
CEO of TenureXInstitutional Ownership	0. 11497	0. 9806	H3 Not Significant
Firm Size	27.6393	0. 0000	
Leverage	-4.7775	0. 0000	
Sales Growth	-2.3615	0. 0192	

Source: Processed Secondary Data (2025)

$$SAB = \alpha + ß1CT + ß2BI + ß3IO + ß4FS + ß5LVG + ß6SG + e \quad (1)$$

$$SAB = \alpha + ß1CT + ß2BI + ß3IO + ß4CT{*}BI + ß5CT{*}IO + ß6FS + ß7LVG + ß8SG + e \quad (2)$$

Based on the results of the t-test above, it is interpreted that the results of data processing on the CEO tenure variable have a significant positive effect on Sustainability Performance, then on the board independence variable weakens CEO tenure on Sustainability Performance. In contrast, the CEO tenure variable does not have a significant effect on CSR which is moderated by Institutional Ownership.

Discussion

The Influence of CEO Tenure on Sustainability with CSR Proxy

Based on the results of the data processing interpretation, it shows that the prob value is 0.0000, and this result is less than 0.05, so it can be concluded that the results of this study indicate that H1 is proven. So, these results indicate that CEO Tenure has a significant positive effect on Sustainability Performance. The results of this study are in line with (Wang et al., 2020; Studer, 2021; Li & Tang, 2020; Nguyen et al., 2021; Zhao & Wu, 2020) showed that CEO tenure has a significant positive effect on sustainability. In essence, CEOs with longer tenures offer strategic advantages for corporate sustainability. Over time, these leaders develop a deep understanding of their company’s internal dynamics, culture, and operational processes. This prolonged exposure enables them to craft and execute long-term strategies that are better aligned with industry realities and emerging challenges. Research consistently highlights that leadership stability, which comes with longer tenures, plays a key role in ensuring the continuity of long-term initiatives, especially in areas like Environmental, Social, and Governance (ESG) programs. Moreover, seasoned CEOs have the capacity to foster a corporate culture rooted in sustainability values. By embedding these principles into daily business practices and actively engaging employees, they gradually shape a more responsible and forward-looking organizational environment. Their extended service also allows them to nurture strong, trust-based relationships with critical external stakeholders such as investors, regulators, business partners, and communities relationships that are essential for driving and sustaining impactful sustainability initiatives. Additionally, experienced CEOs are typically more adept at navigating crises, regulatory shifts, and environmental uncertainties. Their ability to manage risks and adapt to dynamic circumstances contributes significantly to a company's resilience and long-term performance. For companies, this implies that CEO experience, particularly tenure, should be viewed as a strategic asset. It is not merely a personal credential but a vital factor in the effective design, implementation, and endurance of corporate sustainability strategies.

The Influence of Board Independence Moderates the Relationship between CEO Tenure and Sustainability with CSR *Proxy*

Based on the results of the data processing interpretation, it shows that the prob value is 0.0000, and this result is less than 0.05, so it can be concluded that the results of this study indicate that H2 is proven. So, this result shows that board independence weakens the relationship between CEO Tenure and Sustainability Performance. The results of this study are in line with (Chen et al., 2020; Alon et al., 2021; Yu & Zhang, 2020; Xu et al., 2021; Kuo et al., 2021) showing that CEO tenure has a significant negative effect on sustainability performance moderated by board independence. So that this relationship is able to weaken the relationship between board Independences moderating the relationship between CEO Tenure and Sustainability with CSR proxies. The reason is because many board independences focus more on monitoring financial performance and corporate governance than non-financial aspects such as sustainability. While experienced, long-tenured CEOs have the potential to advance sustainability initiatives, their positive influence is often limited by the broader governance environment, particularly when boards lack a strong focus on ESG issues. Over time, these CEOs may prioritize personal interests, stability, and power retention, which can divert attention from sustainability goals. Independent boards are designed to balance and supervise CEO authority, but their influence is sometimes insufficient to fully counter these tendencies. Several studies suggest that tensions often arise between long-serving CEOs and independent boards, particularly when it comes to pushing for sustainable business practices. Independent boards are more likely to challenge outdated or unsustainable strategies, creating potential conflicts. This dynamic can result in slower decision-making, management instability, or even resistance to innovation. Long-tenured CEOs may become defensive, overly attached to past strategies, or engage in superficial ESG practices, such as greenwashing, to appease external pressures without making meaningful operational changes. Moreover, strong oversight from independent boards may push CEOs into a compliance-based mindset, where sustainability initiatives are pursued primarily to satisfy regulations rather than as genuine business priorities. In some cases, excessive pressure for frequent or drastic sustainability shifts can also undermine CEO confidence and leadership consistency, disrupting long-term strategy execution. Overall, while both long-tenured CEOs and independent boards have the capacity to support sustainability, the balance of power and alignment of priorities between them greatly influences whether sustainability initiatives are genuinely advanced or merely symbolic.

The Influence of Institutional Ownership Moderates the Relationship between CEO Tenure and Sustainability Performance

Based on the results of the data processing interpretation, it shows that the prob value is 0.9086, and this result is more than 0.05, so it can be concluded that the results of this study indicate that H3 is not proven. So, these results show that CEO Tenure does not have a significant effect on Sustainability Performance which is moderated by institutional ownership. The reason for not being able to moderate is that many institutional investors are more oriented towards short-term financial results than long-term commitment to sustainability. They tend to pay more attention to profitability than the company's sustainability performance*,* so their influence on the CEO in improving sustainability practices is weak or even insignificant. These results are not in line with the research of (Chen et al., 2021; Lin et al., 2020; Jha et al., 2021; Singh & Tiwari, 2020; Fama & Jensen, 2020) showing that CEO tenure has a significant positive effect on Sustainability Performance which is moderated by institutional ownership. This finding is not entirely in line with Agency Theory*,* which argues that institutional investors can act as a monitoring mechanism for CEOs to ensure that they make decisions that benefit shareholders, including in terms of sustainability. However, if institutional ownership cannot moderate the relationship between CEO tenure and sustainability performance*,* this suggests that the monitoring carried out is ineffective in encouraging CEOs to improve sustainability. In contrast, this finding is more in line with Upper Echelons Theory*,* which emphasizes that the characteristics and experiences of top executives (such as CEO tenure*)* are more determinant of a company's strategic direction than external pressures, such as institutional ownership.

Long-tenured CEOs generally possess a stronger understanding of their stakeholders' expectations, especially those of institutional shareholders who often prioritize long-term value creation through sustainability. Institutional investors, such as pension funds and asset management firms, typically adopt a long-term perspective and actively encourage companies to implement sustainability-focused business strategies. Their involvement helps ensure that experienced CEOs stay aligned with sustainability goals rather than being driven solely by short-term financial targets. Studies highlight that institutional ownership can act as both a motivator and a safeguard in sustaining ESG initiatives under long-tenured CEOs. These investors often provide financial resources and strategic support necessary to undertake ambitious sustainability projects, while simultaneously demanding transparency and accountability. This active oversight minimizes the risk of symbolic or superficial ESG practices and helps maintain the integrity of sustainability initiatives. Importantly, the long tenure of CEOs contributes to the consistency and continuity needed to carry out sustainability strategies that may take years to yield tangible results. The relationship between institutional ownership and long-tenured CEOs is thus mutually reinforcing: institutional investors promote sustainable practices, while experienced CEOs are in a better position to design, implement, and sustain these initiatives over time. However, if institutional ownership is weak or passive, the responsibility to drive sustainability must come from internal leadership itself. Therefore, it is crucial for management to recognize sustainability not just as an external expectation, but as an essential, long-term business strategy that secures competitiveness, reputation, and growth.

CONCLUSION AND SUGGESTION

This study investigates the effect of CEO tenure on corporate social responsibility (CSR), moderated by board independence and institutional ownership, using data from companies listed on the Indonesia Stock Exchange (IDX) between 2018 and 2022. This study is a quantitative study. The data used in this study come from the publication of annual reports and sustainability reports of companies listed on the Indonesia Stock Exchange from 2018 to 2022. This study uses a panel regression data analysis method processed through the Eviews application. The results of this study indicate that longer CEO tenure positively affects CSR initiatives. CEOs with long tenure are better able to align CSR strategies with the company's long-term goals, supported by board independence that ensures objective oversight. Institutional ownership strengthens this positive relationship by encouraging transparency and accountability in CSR initiatives. The alignment between CEO tenure, board independence, and institutional ownership significantly improves CSR outcomes and contributes to corporate sustainability and positive social impact.

This study contributes by providing a deeper understanding of how CEO tenure affects corporate social responsibility (CSR) performance, particularly in the context of companies listed on the Indonesia Stock Exchange (IDX). By considering the moderating role of board independence and institutional ownership, this study highlights corporate governance factors that may strengthen or weaken the relationship.

However, this study has several limitations, such as only using data from companies listed on the IDX, so the findings may not be fully applicable to private companies or companies in other markets. In addition, CSR variables are measured based on secondary data that may not reflect all aspects of corporate sustainability comprehensively. For further research, it is recommended that the scope be expanded by comparing companies across countries or industry sectors to test the generalizability of the findings. In addition, a qualitative approach can be used to dig deeper into the internal mechanisms of how long-tenured CEOs shape CSR strategies and how the dynamics of board independence and institutional ownership play a role in the process. The results of this study have several important implications for both corporate management and policymakers. First, for companies, the findings suggest that CEO tenure should be viewed not only as a leadership factor but also as a strategic asset in developing long-term CSR initiatives. Long-tenured CEOs, with their deep understanding of the company's operations, industry dynamics, and stakeholder expectations, are in a strong position to align CSR strategies with the company's long-term goals. Therefore, companies should ensure that leadership development and succession planning take into account the potential of long-tenured CEOs to positively influence CSR performance. Second, the moderating role of board independence indicates the importance of maintaining an objective and proactive board structure in overseeing sustainability strategies. Boards that are independent and actively involved in decision-making can provide a necessary balance, ensuring that long-tenured CEOs remain focused on responsible and sustainable business practices rather than personal or short-term interests. This implies that companies need to continuously improve the quality, independence, and effectiveness of their boards as part of good corporate governance. Third, the strengthening effect of institutional ownership highlights the role of external investors in shaping corporate behavior. Institutional investors, with their long-term investment horizons and financial influence, can play a critical role in encouraging companies to adopt more transparent, accountable, and impactful CSR practices. This suggests that companies should build strong relationships with institutional investors and actively involve them in discussions on sustainability priorities. Finally, for regulators and policymakers, these findings reinforce the importance of promoting governance frameworks that support independent boards and encourage the participation of institutional investors in sustainability oversight. Clear regulations and guidelines that enhance board independence and protect shareholder rights can indirectly strengthen CSR outcomes, contributing to broader social and environmental goals.

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